

City of Redfield

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the period
July 1, 2019 through June 30, 2020

Table of Contents

	<u>Page</u>
Officials	3
Independent Accountant's Report on Applying Agreed-Upon Procedures	4-6
Detailed Findings and Recommendations:	<u>Finding</u>
Segregation of Duties	A 8
Monthly Treasurer's Report	B 8
Reconciliation of Utility Billings, Collections and Delinquent Accounts	C 9
Financial Condition	D 9
Annual Financial Report	E 9
Journal Entries	F 9
Business Transactions	G 10
Annual Financial Report	H 10
TIF Certification	I 10

City of Redfield

Officials

(Before January 2020)

<u>Name</u>	<u>Title</u>	<u>Expires</u>
Dave Griffith.	Mayor.	Jan 2022
Pam Danielson.	Mayor Pro Tem.	Jan 2022
Heather Godwon-Pote.	Council Member.	Jan 2022
Darrell Bowman.	Council Member.	Jan 2020
Jon Hoy.	Council Member.	Jan 2020
Amy DeZeeuw.	Council Member.	Jan 2020
Debbra Light.	City Clerk.	Jan 2020
Adam Doll.	City Attorney.	Jan 2020

(After January 2020)

<u>Name</u>	<u>Title</u>	<u>Expires</u>
Dave Griffith.	Mayor.	Jan 2022
Pam Danielson.	Mayor Pro Tem.	Jan 2022
Heather Godwon-Pote.	Council Member.	Jan 2022
Amber Baker.	Council Member.	Jan 2024
Jon Hoy.	Council Member.	Jan 2024
Vince Stonehocker.	Council Member.	Jan 2024
Debbra Light.	City Clerk.	Jan 2021
Adam Doll.	City Attorney.	Jan 2021



MARTENS & COMPANY, CPA, LLP

CERTIFIED PUBLIC ACCOUNTANTS

4949 Pleasant Street, Suite 104

West Des Moines, Iowa 50266

(515)-223-4841

FAX: (515)-223-0851

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor
and Members of City Council:

We performed the procedures below, which were established at Iowa Code to Chapter 11.6 to provide oversight of Iowa cities. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Redfield for the period July 1, 2019 through June 30, 2020 including procedures related to the City's compliance with certain Code of Iowa requirements identified below. The City of Redfield's management, which agreed to the performance of the procedures performed, is responsible for compliance with these requirements and for the City's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed are summarized as follows:

1. We reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. We obtained an understanding of the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. We observed security bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and observed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. We scanned City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.

6. We observed the City's fiscal year 2019 Annual Financial Report to determine whether it was completed and accurately reflects the City's financial information.
7. We scanned investments to determine compliance with Chapter 12B of the Code of Iowa.
8. We scanned depository resolutions, the City's investment policy and reporting of unclaimed property to the State of Iowa to determine compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa.
9. We scanned debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
10. We scanned selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
11. We observed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
12. We traced selected receipts for accurate accounting and consistency with the recommended chart of accounts.
13. We traced selected disbursements to proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended chart of accounts and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
14. We traced transfers between funds for propriety, proper authorization and accurate accounting and to determine whether transfers were proper.
15. We traced selected payroll and related transactions to proper authorization and accurate accounting and determined whether payroll was proper.
16. We observed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, we identified various recommendations for the City. Our findings and recommendations are described in the Detailed Findings and Recommendations section of this report. Unless reported in the Detailed Findings and Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on specific accounting records and related information of the City, including compliance with specific Code of Iowa requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is to report, in accordance with Chapter 11.6 of the Code of Iowa, certain agreed-upon procedures and the resulting recommendations pertaining to selected accounting records and related information of the City, including the City's compliance with certain Code of Iowa requirements. This report is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Redfield during the course of our agreed upon procedures. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Martens & Company, CPA, LLP

West Des Moines, Iowa
November 18, 2020

Detailed Findings and Recommendations

City of Redfield

Detailed Findings and Recommendations

For the period July 1, 2019 through June 30, 2020

- (A) Segregation of Duties - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. The segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements. Generally, one individual has control over each of the following areas for the City:

- (1) Cash - handling, reconciling and recording.
- (2) Receipts - opening mail, collecting, depositing, journalizing, reconciling and posting.
- (3) Disbursements - purchasing, invoice processing, check writing, mailing, reconciling and recording.
- (4) Payroll - record keeping, preparation and distribution.
- (5) Utilities - billing, collecting, depositing and posting.
- (6) Financial reporting - preparing and reconciling.
- (7) Journal entries - preparing and recording

Recommendation - We realize segregation of duties is difficult with a limited number of employees. However, the city should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations should be evidenced by the signature or initials of the reviewer and the date of the review. The addition of a second person (full or part-time) could add additional control.

- (B) Monthly Treasurer's Report - A monthly treasurer's report was not provided to the City Council. A "Treasurer's Report" is a monthly report showing receipts, disbursements, transfers and balances for each fund and in total. Total fund balances for all funds should reconcile to the City's bank reconciliation.

Recommendation - The City should work with its software provider to generate a "Treasurer's Report" that provides all the required elements listed above.

City of Redfield

Detailed Findings and Recommendations

For the period July 1, 2019 through June 30, 2020

- (C) Reconciliation of Utility Billings, Collections and Delinquent Accounts - Utility billings, collections and delinquent accounts were not reconciled throughout the year and a delinquent account listing was not prepared monthly.

Recommendation - A listing of delinquent accounts should be prepared monthly. Procedures should be established to reconcile utility billings, collections and delinquent accounts for each billing period. The City Council or other independent person designated by the City Council should review the reconciliations and monitor delinquent accounts. The review should be documented by the signature or initials of the reviewer and the date of the review.

- (D) Financial Condition - At June 30, 2020, there was a deficit balance of \$14,248.30 in the Library Fund.

Recommendation - The City should investigate alternatives to eliminate this deficit in order to return these funds to a sound financial position.

- (E) Annual Financial Report - The annual financial report long term debt did not agree with the outstanding obligation report.

Recommendation - The City should compare the two reports and bring them into agreement.

- (F) Journal Entries - The journal entries appeared to be reasonable but were not supported. There was no documented evidence of approval by an independent person.

Recommendation - All journal entries should be documented as to reason and purpose and include documented evidence of the approval.

City of Redfield

Detailed Findings and Recommendations

For the period July 1, 2019 through June 30, 2020

- (G) Business Transactions - Business transactions between the City and City officials or employees which may represent conflicts of interest are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Light Brothers, Inc. owned by husband of Debbra Light, City Clerk	Rock, sand, dirt	\$4,918

In accordance with Chapter 362.5(3)(k) of the Code of Iowa, the above transaction may represent a conflict of interest since total transactions were more than \$2,500 during the fiscal year and the transactions were not competitively bid.

Recommendation - The City should consult legal counsel to determine the disposition of this matter.

- (H) Annual Financial Report - All funds as reported on the financial report did not agree with the City records. In addition, the total fund balance also did not agree to the City records.

Recommendation - The City should file an accurate report, making sure that it agrees with the City records.

- (I) TIF Certification - City TIF Form 1 - Indebtedness Certification to County Auditor is due by December 1 each year.

Recommendation - Form 1 should be filed annually for each Urban Renewal Area.